

**THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA**  
**CABINET AND CORPORATE SERVICES SCRUTINY COMMITTEE**  
**18 APRIL 2016**

**REPORT BY THE TOWN CLERK**

**TRI-BOROUGH WORKING**

**1. Introduction**

1.1 The Chairman of the Cabinet and Corporate Services Scrutiny Committee has asked for a report on the following:

1.1.1 Has the tri-borough project remained true to its founding principles?<sup>1</sup>

1.1.2 How much has the Borough saved net of costs over five years?

1.1.3 How much further can the project be extended?

1.1.4 How is the Government's financial and other policies supporting or hindering Tri- and Bi-Borough working?

1.1.5 How involved is Hammersmith & Fulham in Tri- and Bi-Borough working? Which services are they withdrawing from? What is their current strategy?

1.2 This report addresses each of these questions in turn.

**2. Founding principles**

2.1 Please see annex A, which sets out the then three Council Leaders' foreword to the Tri-borough Proposals Report submitted to Cabinet in February 2011.

2.2 The essence of the proposals was:

2.2.1 To cut management costs;

2.2.2 To procure at scale;

2.2.3 To learn from one another; thus

2.2.4 To protect 'front line' services as far as possible from declining funding; while

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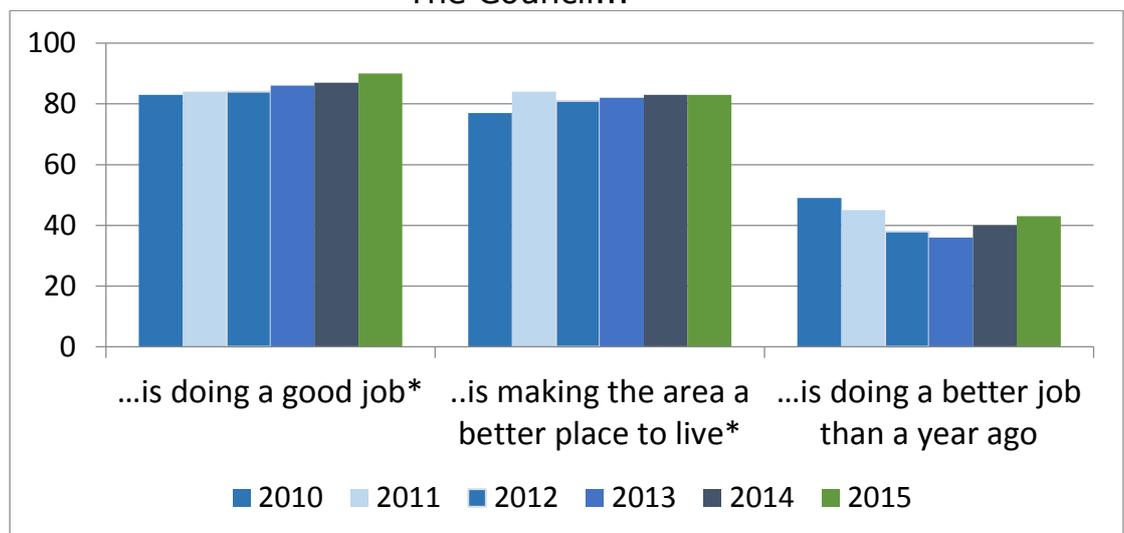
<sup>1</sup> For reference, on 6 January 2014, (A10), the Committee reported on their scrutiny of four aspects of the Tri-Borough project: the achievement of actual versus projected savings; protocols governing Member/officer relations; how the sovereignty guarantee is being protected; and staff morale and responses to change.

- 2.2.5 Protecting each borough's 'sovereignty'.
- 2.3 The short answer is that each of these aims has been achieved. For example:
  - 2.3.1 On management costs, the three boroughs continue to share a single executive director for each of children's services and for adult social care; and a director for libraries. Most directors within the first two departments are shared: even those who are solo-borough (the three directors of children's social services) take on tasks on behalf of one another. Most heads of service are shared: an additional, potential benefit, sometimes secured, is that together the three boroughs can afford senior staff who are more specialist than a borough on its own would have either the scale or the funding to attract.
  - 2.3.2 There are now tri-borough posts covering facilities management, ICT and legal services. Bi-borough posts were extended with Hammersmith & Fulham to responsibilities for the environment, transport, environmental health and human resources (HR); and with Westminster for managed services.
  - 2.3.3 There was remarkable pay restraint shown in the transition to tri- and bi-borough working. Very few initial appointments to shared service posts saw a pay increase. Since then, particularly when recruiting from outside the boroughs, it would be arguable that a small pay premium has had to be conceded in some cases. Even so, the boroughs are making a significant saving compared to solo-borough arrangements.
  - 2.3.4 The boroughs have procured at scale, although practice has varied over time from single contracts to framework agreements so that each authority can enter into its own contract for the procured services whilst still benefiting from the economies of scale that the three authorities provide when the services are procured together. Examples include:
    - 2.3.4.1 Bi-borough savings in grounds maintenance of the parks, waste and street cleanliness; and the parks police; and
    - 2.3.4.2 Tri-borough savings through the Frameworki system supporting work in Adult Social Care; home care; school meals; transport for children between home and school and for vulnerable adults; facilities management; procurement of a shared catalogue and customer management system

for libraries; and (potentially) managed services in HR and finance. Moreover:

- 2.3.4.3 Tri-borough working has helped to rationalise and increase the effectiveness of some services, including fostering and adoption; and countering Violence Against Women and Girls.
- 2.3.5 The boroughs have learned from one another, for example on electronic monitoring of homecare visits, how to help elderly people to leave hospital and how to support carers; on training library staff; and the deployment of library volunteers to extend the opening hours of the local studies library; on ICT in respect of the Councils' websites; 'Sharepoint' (sharing and storage of documents); and information security.
- 2.3.6 The boroughs can also economise on specialist support, such as technical advice on air quality and contaminated land; and teams working across two or three boroughs can be slightly smaller than they would otherwise be if they are flexible and resilient.
- 2.3.7 Although it is not possible robustly to compare what has happened with a counter-factual, it would appear that the boroughs' shared services have protected the quality of services to residents. This is illustrated by the graphs below, drawn from the Annual Survey of Londoners.

Figure 1: Annual Survey of Londoners – responses to the question  
"The Council..."



\*statistically significantly higher than the London average

Figure 2: Ratings for widely used services

Annual Survey of Londoners (per cent rating service as good or very good)				
	RBKC 2007	RBKC 2014	<b>RBKC 2015</b>	London 2015
Street lighting	75	83	<b>82</b>	71
Street cleaning	75	80	<b>81</b>	55
Parks	75	81	<b>78</b>	68
Refuse collection	78	76	<b>78</b>	69
Policing	52	70	<b>67</b>	50
Collection of Council Tax	72	64	66	66
Recycling	63	65	65	66
Repair of roads and pavements	53	64	<b>65</b>	41
Libraries	68	66	<b>64</b>	57

Figures in bold show a statistically significantly difference between the Royal Borough and the London average

2.3.8 On the protection of sovereignty, I attach at annex B a slightly amended extract from Mr Redpath's report of 6 January 2014 and confirm no change beyond the reduction in the number of Councillors.

### **3. Savings**

- 3.1 The Council's annual publication 'Budget Proposals' sets out sources of savings since 2010-11. The key benchmark is less a cumulative saving over a run of years than the total in any one year. Savings have grown from £2.2 million in 2011-12 to a forecast £13.8 million in 2016-17.
- 3.2 Compared to a total tally of actions saving a net £85.4 million since 2010-11, shared services have therefore contributed 14 per cent of savings.

### **4. How much further can shared services be extended?**

- 4.1 The formal extension of sharing with Westminster and Hammersmith & Fulham to ICT and legal services occurred in 2015; there are a few further prospects such as procurement for corporate services between the Royal Borough and Westminster. But the main remaining services that are solo-borough have always been viewed as less attractive prospects. For example:
  - 4.1.1 Planning and Borough Development raises more acutely than other services the risk that boroughs may take strongly opposed views and put officers at some difficulty in advising Councillors accordingly;
  - 4.1.2 The three boroughs run their work with social housing in quite different ways – and Hammersmith & Fulham are planning a significant further change in the next few years;
  - 4.1.3 In respect of Customer Services, the phone and email channels of both the other boroughs are managed primarily by outsourced contact centres which are undergoing a review to scope out opportunities for transformation or consolidation of contracts. The predominantly in-house approach in this borough continues to yield savings through taking on customer contact from other departments.
- 4.2 Sharing can and will be extended in other ways. For example:
  - 4.2.1 Adult Social Care is working with other West London boroughs and with hospitals and Clinical Commissioning Groups;
  - 4.2.2 Amey is extending its facilities management service to other boroughs;

- 4.2.3 BT hopes to do the same with its managed services;
- 4.2.4 The borough continues to share the costs of its community police with the Metropolitan Police Service.
- 4.3 The Government's push to devolve public services to more local level will also extend sharing across London. For example:
  - 4.3.1 The Royal Borough is a member of Central London Forward (as are Camden, the City of London, Islington, Lambeth, Southwark, Wandsworth, and Westminster). With funding from the European Social Fund, CLF is piloting a programme to help residents into work, which the Committee discussed on 16 November 2015;
  - 4.3.2 A review is at work of Further Education provision across London. This is intended to deliver a higher-quality, sustainable and more rational distribution of further education across London's various sub-regions and the capital as a whole.
  - 4.3.3 The devolution of the age 19+ adult skills budget to London and thence to sub-regions (such as CLF) is under active discussion with Government, as are plans to introduce a London 16-18 skills strategy to be developed by sub-regions in collaboration with the Greater London Authority.
  - 4.3.4 The Government has agreed to joint commissioning with London of the Work and Health Programme, which will replace the Work Programme and Work Choice from September 2017. The Department for Work and Pensions has also committed to working with London on the development of universal support and to enhance the core JobcentrePlus (JCP) offer with local 'wraparound' services (e.g. by co-locating JCP and Council services). As with skills-related devolution, it is anticipated that sub-regional groupings of London boroughs will work together to develop the commissioning frameworks for their areas.
  - 4.3.5 Boroughs are working together to see how receipts from the sale of Council homes can be retained within Greater London to build more homes, instead of contributing such receipts to a wider pool; and
  - 4.3.6 London Councils are carrying out similar work on a London proposition for keeping a larger share of growth in non-

domestic rates income within London than a national system would otherwise provide.

## **5. The impact of Government policies**

- 5.1 The examples set out in paragraph 4.3 above illustrate that the Government is promoting shared services through its policies on devolution.
- 5.2 It is also continuing to cut the recurrent funding from revenue support grant and non-domestic rates to all three boroughs. This makes it harder for any of the boroughs to leave shared service arrangements.
- 5.3 There is arguably a further impact via regulation by bodies such as OFSTED and the Care Quality Commission: to the extent that the boroughs can offer a more robust assurance as to quality, working together, then the regulatory cover that provides complements the intrinsic case for remaining in a shared service.

## **6. Hammersmith & Fulham**

- 6.1 The then new Administration in H&F undertook a Critical Friends Review in 2014 led by Lord Adonis. No adjustment was made to shared services following that review.
- 6.2 H&F Councillors expressed strong misgivings about the tri-borough transport service for children between home and school but in the event, there has been only one change of contractor; several others run as previously planned.
- 6.3 H&F agreed a tri-borough legal service and to tri-borough ICT arrangements in 2015. The latter, for example, is leading to shared in-house working on telephony. On the other hand, they have indicated a wish to run at least part of the Intelligent Client Function for facilities management separately from the Royal Borough and Westminster (while continuing to employ Amey for all the work to be carried out).
- 6.4 Their equivalent of the Committee – the Finance and Delivery Policy and Accountability Committee – has caused a questionnaire to be circulated in January to shared services to take further soundings on whether shared services are working in the interests of the borough.

- 6.5 In sum, H&F take a pragmatic view of shared services. In the great majority of cases, they run now as envisaged by the previous Administration.

**FOR INFORMATION**

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**Background papers used in preparing this report:**

Previous report to the Committee, January 2014

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## **Foreword to Tri-borough Proposals Report (February 2011)**

We lead three Councils who have hard won reputations for innovation and for providing great local services. This is why today our Chief Executives are publishing bold new proposals for public consultation to combine services to meet the challenges of an age of austerity.

These plans mean that in future we will work together to commission better services in some areas, reduce management costs and cut overheads to protect frontline services in each of our authorities.

These proposals will be put to the cabinets of the three authorities this month for initial support to enable work to start to draw up implementation plans in chosen areas.

To safeguard local autonomy each Council will agree a sovereignty guarantee showing how each authority will retain its own constitution, setting out how it makes decisions, organises scrutiny and delegates authority.

We are initially developing combined services in the areas of adults' and children's services, and support functions like ICT. We'll consider more services in time as part of our developing proposals. The purpose of this new approach is to deliver better services, by doing things differently. We believe that in many areas shared management can commission services that will improve quality of life in central and West London faster than we have been able to do to date, at an affordable cost.

While we have common goals, we will retain the ability to deliver local solutions. Local people won't see many changes as the main improvements and savings will be driven by shared management and combined service arrangements.

These proposals will be debated, consulted on and approved by the three authorities separately with a view to implementing any agreed proposals from later this year, starting with the provision of integrated services to schools in September.

We believe that this report marks the start of a journey to Tri Borough working, not the destination. We will discover different ways of protecting and enhancing frontline services on that journey, increasingly working together, sometimes as three boroughs, two or individually as agreed in public and through our democratic process.

We urge elected members, community leaders, staff and the public we serve to comment on these proposals.

## **The sovereignty guarantee**

The sovereignty guarantee (as approved by Cabinets in May 2011) is below. All of the safeguards to protect Councils' autonomy (points 1-12) remain in place. The commitments to shared learning, innovation and value for money (points 13-17) have been taken forward in a variety of ways, including joint Cabinet member discussions, joint management discussions and detailed work undertaken by service heads across the three Councils.

Any decisions on changes to services arising from this work have been taken by the Councils in accordance with their Constitutions. The provisions relating to the ending of Tri-borough arrangements have been incorporated in the legal agreements governing the combined management arrangements.

### **SCHEDULE 8: SOVEREIGNTY GUARANTEE**

All three Councils are committed to continuing to represent the needs, priorities and ambitions of local people in their neighbourhoods.

They are exploring reducing costs by working together. They are also keen to take new devolved responsibilities from Government and manage these together, where this makes sense.

Commissioning or delivering services together designed not to change how residents experience services. It is about how to get things done more efficiently.

#### **To safeguard local autonomy the Council confirm:**

1. Local residents will continue to elect the same number of councillors to each Council.<sup>2</sup>
2. Each Council will retain its own constitution, setting out how it makes decisions, organises scrutiny and delegates authority.
3. Each Council will continue to set its own council tax and publish its own budget and accounts.
4. Each Council will continue to be able to set out its own spending priorities.
5. No Council can be 'out-voted' by the two other Councils in a way which requires that Council to adopt a policy,

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<sup>2</sup> Although the Royal Borough has fewer Councillors now than in 2010, this was not a result of tri-borough working!

accept a cost or change a priority that its decision makers are not willing to support.

6. There will be no change in the name of any of the Council.
7. The costs of changes and the benefits achieved from change will be fairly attributed and shared to the satisfaction of all three Councils, if necessary using mediation.
8. No Council will be obliged to break an existing contract.
9. The boundaries of the areas for which each Council is responsible will not change. Each Council will continue to speak up for its own residents, even where there is an apparent conflict of interest between the boroughs.
10. Each Council will be able to set its own policy for how services are delivered.
11. The Councils will commission service from contractors, voluntary bodies and others together, but can also decide to commission, or grant aid, on their own.
12. Nothing in these proposals is intended to stop Councils developing local ideas about how to support their local communities